



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	HB0607	Title:	Increase solid waste disposal fee to fund recycling
Primary Sponsor:	McAlpin, Dave	Status:	As Introduced

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
General Fund	\$53,577	\$47,329	\$49,770	\$52,246
State Special Revenue	\$316,748	\$310,413	\$304,205	\$298,121
Revenue:				
State Special Revenue	\$316,748	\$310,413	\$304,205	\$298,121
Net Impact-General Fund Balance	(\$53,577)	(\$47,329)	(\$49,770)	(\$52,246)

Description of Fiscal Impact:

This bill increases the amount of fees paid for solid waste disposal and uses those fees to provide grants for recycling. Administrative expenses include the cost of a commission created by this bill and two 0.50 FTE for the Department of Environmental Quality (DEQ). The costs associated with these fees are capped at 9% of collections which is less than the anticipated costs. The rest of the administration costs associated with this program are assumed to be funded from the general fund.

FISCAL ANALYSIS

Assumptions:

Department of Environmental Quality (DEQ)

1. This bill will set up a waste reduction and recycling grant commission that is administratively attached to the DEQ.
2. Five commissioners will be appointed. These positions will be volunteers and will provide oversight and direction to the program. The commission will meet three times per year and will be compensated for travel. Five people on the commission at 300 miles per person per average round trip times three meetings times \$0.41 per mile = \$1,845. One overnight stay each is \$60 (room rate) x three trips x five people =

- \$900. Meals for 5 people for 3 days at \$23 per day = \$345. Total commission costs are \$3,090 in FY 2008, \$3,090 in FY 2009, \$3,168 in FY 2010, and \$3,247 in FY 2011.
3. Two 0.50 FTE will be needed to perform work for the commission and to complete responsibilities at DEQ. There will be 0.50 FTE needed to staff the commission. It is assumed that this FTE would be a state government FTE because of the attachment to DEQ. This FTE will assist the waste reduction and recycling grant commission by promoting the environmental benefits of waste reduction and recycling, promoting the establishment of waste reduction and recycling businesses in Montana, and by helping implement the requirements of the state solid waste management plan pursuant to 75-10-807, MCA. This FTE will also help the commission write an annual report of its activities to the Environmental Quality Council. The 0.50 FTE will be an environmental specialist. DEQ will assume the responsibilities for setting up accounting for the commission, writing agreements to award grants to local governments, state agencies, community organizations, schools, nonprofit and for-profit entities, and any other entity engaged in waste reduction or recycling efforts as determined by the recycling commission. This will require a second 0.50 FTE environmental specialist at DEQ. Personal services costs for both positions will be \$53,854 in FY 2008 and FY 2009. Operating costs, which include the commission costs stated in assumption 2, will be \$28,231 in FY 2008, \$21,412 in FY 2009, \$21,951 in FY 2010, and \$25,439 in FY 2011.
 4. Grants will be awarded by the commission. These grants are estimated to range from \$500 to \$25,000. The number of grants awarded will be 20-25 grants per year. The grants account for 91% of fees. The total estimated amount of the grant awards are \$288,241 in FY 2008, \$282,476 in FY 2009, \$276,827 in FY 2010 and \$271,290 in FY 2011.
 5. Based on the assumption that commission expenses, administration costs, and costs associated with collecting the fee provided for in 75-10-115(2), MCA, may not exceed 9% of the total amount of fees collected $\$316,748 \times 9\% = \$28,507$, the remaining 91% ($\$316,748 \times 91\% = \$288,241$) is set aside for grants. Since administrative costs exceed the 9% cap, it is assumed that additional funding required will be from the general fund.
 6. The department will prepare rules for adoption by the board, pursuant to 75-10-104 and 75-10-106, MCA, that set fees for the management and regulation of solid waste at facilities subject to regulation pursuant to part 2 of this chapter. Upon adoption by the board, the department will collect the fees. Assume that a fee of \$0.25 a ton based on solid waste received by the solid waste management system according to the bill.
 7. Based on an average tonnage increase of 4.28% for solid waste generated in Montana over the last ten years, the tonnage for FY2007 is estimated to be 1,266,992 tons which is the basis for FY 2008 revenue.
 8. In accordance with the State of Montana 2006 Integrated Waste Management Plan, the department anticipates a net disposal rate reduction in tonnage of 2% per year due to recycling. This net 2% tonnage reduction is applied to FY 2009, FY 2010, and FY 2011.
 9. A 2.5% inflation rate has been applied to personal services and operating costs for FY 2010 and FY 2011.

Revenue Estimate Table

Estimated solid waste tonnage generated
\$0.25 a ton fee

FY 2008	FY 2009	FY 2010	FY 2011
1,266,992	1,241,652	1,216,819	1,192,483
\$316,748	\$310,413	\$304,205	\$298,121

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
<u>Fiscal Impact:</u>				
FTE	1.00	1.00	1.00	1.00
<u>Expenditures:</u>				
Personal Services	\$53,854	\$53,854	\$55,200	\$56,580
Operating Expenses	\$28,231	\$21,412	\$21,948	\$22,497
Grants	\$288,241	\$282,476	\$276,827	\$271,290
TOTAL Expenditures	<u><u>\$370,326</u></u>	<u><u>\$357,742</u></u>	<u><u>\$353,975</u></u>	<u><u>\$350,367</u></u>
<u>Funding of Expenditures:</u>				
General Fund (01)	\$53,578	\$47,329	\$49,770	\$52,246
State Special Revenue (02)	\$316,748	\$310,413	\$304,205	\$298,121
TOTAL Funding of Exp.	<u><u>\$370,326</u></u>	<u><u>\$357,742</u></u>	<u><u>\$353,975</u></u>	<u><u>\$350,367</u></u>
<u>Revenues:</u>				
State Special Revenue (02)	\$316,748	\$310,413	\$304,205	\$298,121
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	(\$53,578)	(\$47,329)	(\$49,770)	(\$52,246)
State Special Revenue (02)	\$0	\$0	\$0	\$0

Technical Notes:

1. Section 4 of HB 607 provides that the funds derived from the \$0.25/ton fee are to be placed in the solid waste management account. Section 4 amends the solid waste management account statute to provide that the money derived from the \$0.25/ton fee must be used for only HB 607 purposes. However, the other money in the account is to be used for the administration of the solid waste statutes generally. Therefore, under HB 607, the \$0.25/ton fee would be commingled with the other funds in the account but nevertheless would have to be accounted for separately. Separate accounting could be facilitated by creation of a new recycling account rather than placement of the fee in the solid waste management account.

*Sponsor's Initials*_____
*Date*_____
*Budget Director's Initials*_____
Date